Have holiday sales lost punch?

An Advertising Age roundup

Christmas shopping may be losing its glitter.

While holiday sales remain crucial to retailers, some merchants and consultants are asking whether this period is missing the strong kick of previous years.

"We're not going to see Christmas have the same effect as it used to," said Carol Farmer, president of Carol Farmer Associates, her own retail marketing consultancy in New York. "The commercial formulas just aren't working anymore."

Although final figures aren't yet available, analysts estimate merchants racked up average sales gains of about 5% to 7% for fourth-quarter 1988 compared with a year earlier. But the 1987 period included the October stock market tumble, which skewed it downward.

In fact, fourth-quarter general merchandise, apparel and furniture sales, a measure of Christmas pizazz, have declined steadily since a 12.5% gain in 1983, falling to 7.8% in 1984, 7% in 1985, 6.7% in 1986 and 5.5% in 1987, according to the National Retail Merchants Association.

Ms. Farmer said the breakup of family structure and time pressures have made the holidays a stressful time.

"To hinge the year on Christmas just doesn't make much sense anymore for retailers," she said.

Another problem may be that retailers' holiday marketing ideas are looking stale. Even the last new promotional idea—the "purchase-with-purchase" tactic that allows consumers who spend a certain amount to buy another item at a discount—has lost its steam.

"A lot of this stuff is getting pretty tired," said Richard Padulo, president of Padulo & Associates, a Canadian retail agency, referring to the U.S.

But many merchants, which have traditionally depended on holiday sales for as much as 50% of their yearly profits, disagree.

They point to this holiday period as evidence the season is still merry.

"We're very pleased," said Julian Taub, senior VP, Bloomingdale's, noting that the chain achieved a 30%-plus increase in the week before Christmas, as expected. However, he admitted Bloomies has more inventory than it wanted, and will be "very adequately covered" for post-Christmas and New Year's clearance sales.

"We're just where we projected: about a 6% increase during the Christmas selling season" said Michael Wellman, VP-marketing, K mart Corp. He called the chain's "Christmas in America" theme "very successful" and said K mart would use it again in 1989.

"What makes it nice . . . is the fact that we'll do more planning, maybe have some products or other events to tie into it," Mr. Wellman said.

In Minneapolis, Dayton Hudson Department Store Co. expected "to end December on a high note," said Cindy Schlosser, director of public relations. She added that the chain achieved a double-digit gain for the month.

While Dayton Hudson's inventory isn't "picked to the bone, consumers won't see full January sales racks like they did" a year ago, she said.

In Chicago, Sears, Roebuck & Co. said sales exceeded expectations, and gave credit to its massive holiday ad campaign via Ogilvy & Mather, Chicago.

"Christmas continues to be a great sales period for us, year after year," said Ernest Arms, news director for Sears Merchandise Group, adding that women's apparel, large appliances, big-screen TVs, video camcorders and merchandise tied to the Walt Disney Co. movie "Oliver & Co." performed well.

Across town, Marshall Field's reported double-digit sales increases, an improvement from Christmas 1987's single-digit increases.

Kassie Davis, VP-public affairs, attributed strong sales to Field's renovation of its flagship Chicago stores, a pickup in business at Texas stores and a "somewhat stronger" print advertising program, including more double-truck run-of-press ads than usual and heavy advertising in the *Chicago Tribune's* Sunday magazine.

In Texas, J.C. Penney Co. was encouraged by a pickup in business the week before Christmas, but still wasn't sure it had met its goal of a 4% sales gain.

As customers returned to the stores after the holidays, they could expect to find clearance sales, but less merchandise than they did at sales a year ago. That's because in-

(Continued on Page 30)

Catalog sales fill the bill

By ALISON FAHEY

While retailers grappled with relatively lackluster sales this holiday season, many major catalogers had a merrier Christmas.

Their winning combination: convenience and strong customer service, designed to appeal to customers tired of crowded stores.

"This is probably the best Christmas we've ever had," said Rob Longendyke, public relations manager at Spiegel, where sales were up about 10% from the 1987 holiday season.

"Business has come around very nicely since Thanksgiving. . . . We've seen a trend throughout the past few years that Christmas [ordering] keeps getting pushed back farther," he said.

To accommodate late shoppers and compete with stores at the season's crucial close, several catalogers introduced new and quicker delivery programs in association with overnight carriers.

For its last-minute shoppers, Spiegel added a quick delivery feature for its catalog customers. For no extra charge, the company guaranteed orders taken by 5 p.m. (ET) on Dec. 20 would arrive before Christmas.

The promotion paid off. "A surge in last-minute orders [peaking on Dec. 19] fueled a lot of our strong results," said Bill Ligas, corporate communications specialist.

Spiegel mailed its major Christmas book to nearly 5 million households on Sept. 1. A smaller book, themed "Great Ideas Gift Catalog," followed in October to a more selective group of customers.

At J.C. Penney Co., "the catalog business, in terms of percentages of sales, is doing better than the stores," said Duncan Muir, public relations manager.

The company, which mails its Christmas catalog in late August, reaped "double-digit sales gains" this holiday season, Mr. Muir said.

The company attributed the sales gains to improved customer service stemming from technological advances in phone ordering and 48-hour delivery service.

Despite management turnover during the year at Bloomingdale's by Mail, "sales were excellent," said Glen Senk, senior VP.

Bloomingdale's mailed its major Christmas catalog in late September to 4 million households, followed by three holiday-related books devoted to single merchandise categories.

In some instances, specialty catalogers fared even better than general merchandisers.

Cooking and serving equipment cataloger Williams-Sonoma, San Francisco, expected holiday sales to increase about 20%, said Patrick Connolly, VP-mail order.

"This year we were concerned [about sales] until November," when business really turned around, he said.

At toy retailer FAO Schwarz, "the catalog is the biggest surprise of all. . . . It has held up longer and been strong longer than any of us imagined," said President Peter Harris. He declined to disclose sales figures.

Sales for FAO Schwarz's Christmas catalog, resurrected in 1987 after a hiatus of several years, peaked just after Thanksgiving, more than two months after its September mailing.#

CORRECTIONS & CLARIFICATIONS

- The top 50 non-U.S. advertisers incorrectly included South Africa on the Procter & Gamble Co. roster (AA, Dec. 19, P. 26). The company doesn't advertise or have operations in that country, a P&G spokesperson said.
- Burrell Advertising, Chicago, continues as agency for Martell cognac, marketed in the U.S. by Brown-Forman Corp. under a distribution contract that doesn't end until 1991 (AA, Dec. 5, P. 8).
- In the "October Consumer Magazine Ad Linage" report (AA, Nov. 21, P. 34), *Audio* incorrectly stated its ad pages for that month. The correct figures should be 302.51 pages for 1988, 307.09 pages for 1987. The magazine's year-to-date cumulative ad pages are 1,034.69 for 1988, 1,009.06 for 1987.#

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Cafeteria lineup

New Furr's ads push quality, value

By CHRISTY FISHER

Furr's/Bishop's Cafeterias hopes its new ad campaign will take at least a small bite out of the national restaurant market.

The No. 2 chain in the cafeteria category early this year will air 10 15-second TV spots in all 47 of its markets. Some of the spots broke last month in nine Southwestern locations.

The commercials, paired together as split :30s, emphasize the cafeteria's quality, variety and value by pointing out competitors' shortcomings.

In at least two spots, Furr's/Bishop's boasts that it doesn't use microwave ovens to cook food, and all the commercials conclude with the new tagline: "Food this good takes all day."

Levenson, Levenson & Hill, Irving, Texas, handles the estimated $7 million account.

"This is the most full-blown multifaceted attack plan we have taken to date under the new ownership," said Rich Lahvic, Furr's/Bishop's marketing director. "We're looking at expanding our share in the restaurant market, with the cafeteria market as a subobjective."

Picking up even a fraction of a percentage of the national restaurant market would have "a tremendous effect on sales," he said.

The National Restaurant Association estimates the total national restaurant market at $213.5 billion and the cafeteria category at $4 billion.

Furr's/Bishop's sales in 1988 were expected to total $271 million, up 5.9% from 1987.

The company's strategy also involves new products to lure young adults and families away from fast-food restaurants.

The chain has implemented all-you-can-eat specials and a specially priced children's menu. It's testing carryout and plans to offer drive-through carryout windows for convenience.

"We're looking to expand our guest base to attract the younger-than-45 heads of household while maintaining our market share with the 45-plus market," Mr. Lahvic said.

Since the company was purchased by Michael Levenson in a leveraged buyout from K mart Corp. in December 1986 and subsequently taken public in a partnership, management has sought new ways to approach what some say is a stodgy business stuck in its ways.

"Cafeterias don't tend to be big advertisers," said John Hunt, an analyst with Smith Barney. "In the past, they have not had to be. Competition has not been as tough."

Analysts and cafeteria operators believe Furr's/Bishop's aggressive positioning will spur competitors to respond.

"We're not as aggressive as we should be. But we are now making strides to be more aggressive," said Bill Cotterill, marketing director of family dining for Morrison Inc., whose Morrison's Family Dining is the U.S.' No. 1 cafeteria chain with fiscal 1988 sales of $291.1 million (including seven Sady's buffet units).

"This is somewhat in response to Furr's. . . . With the heavier competition, I think we'll see more aggressive advertising efforts. The whole midscale family-dining segment has gotten so large and competitive, [restaurateurs] have to find ways to keep top of mind with consumers."

A. Richard Johnson, Nashville, Tenn., is Morrison's agency.

Luby's Cafeterias, the third-largest chain with fiscal 1988 sales of $254.3 million, plans to stick with local sponsorships and word-of-mouth advertising. Print ads support new store openings. Anderson Advertising, San Antonio, Texas, is the agency.

"We try to do things better and improve our own operations," said Bud Schrader, Luby's VP-marketing. "We find that the best way to fight competition."

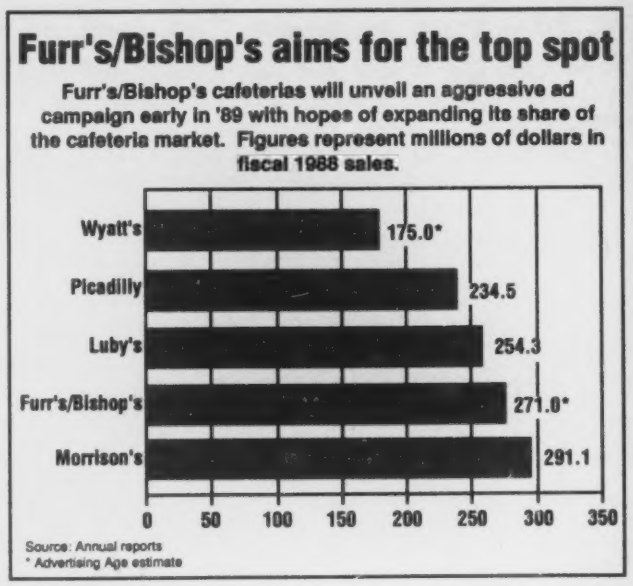
Picadilly Cafeterias, the No. 4 chain, spends $2 million to $3 million a year on advertising. Creative is handled in-house. Bauerlein Inc., New Orleans, handles media.

"Marketing is critical but there is more to marketing than just spending more money on advertising," said Brian Von Gruben, Picadilly exec VP-director of administrative services.

He indicated that location, product quality and word-of-mouth advertising still are strong traffic builders. The company's fiscal 1988 sales totaled $234.5 million.

Wyatt Cafeterias, the fifth-largest cafeteria chain, plans to increase 1989 ad spending, said Debra Hand, marketing director. Wyatt's is handled in-house. She declined to reveal budget figures.

Sales for 1988 are estimated at $175 million.#



JOHN HALL

Church's maps out turnaround

By CHRISTY FISHER

While fending off a hostile tender offer, Ernest Renaud is forging ahead with his plan to rejuvenate Church's Fried Chicken.

In an interview with ADVERTISING AGE, Mr. Renaud, Church's 61-year-old president-ceo, outlined his marketing strategy to reverse declines in revenues and profits.

The most pressing challenge he faces is convincing shareholders and franchisees that they will benefit by keeping the company independent.

Mr. Renaud is fighting what he is calling an "inadequate" $8-a-share bid from A. Copeland Enterprises, corporate parent of No. 3 Popeyes Famous Fried Chicken & Biscuits.

In the past 52 weeks, Church's stock has traded as high as $8.50 and as low as $5.63.

Currently, the stock is trading at about $7.60, but Mr. Renaud, who joined the company in late June, hopes to convince shareholders that they can get more for their shares by sticking with the company.

The No. 2 chicken chain is negotiating with third parties and studying other alternatives to maximize shareholder value.

Mr. Renaud expects 1988 company sales to fall below $400 million. But his goal is to boost sales to $420 million in 1989 and $500 million to $600 million in the next five or six years.

Mr. Renaud wouldn't make a projection on systemwide sales, which include franchise revenues, but they were $533.8 million in 1987.

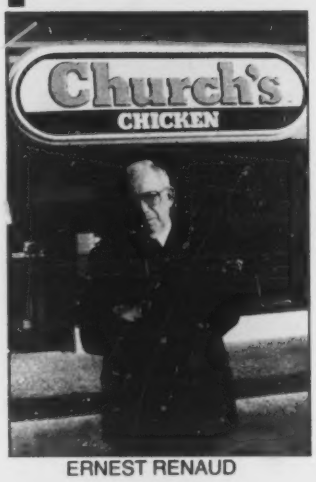
He said he plans to increase per-store average sales 5% to 7% annually during the next four years. In 1987, systemwide sales per unit averaged $357,000, compared with average per-unit sales of about $725,000 at Popeyes.

For the first nine months of last year, Church's posted earnings of $2.1 million, down 73% from the same period in 1987. Sales rose 4% to $290.7 million.

In addition to shuttering 120 of its 1,475 restaurants, a move disclosed last month, Mr. Renaud plans to open 30 to 40 company-owned stores and 60 to 80 franchises a year, and remodel existing restaurants. This year, he plans to spend about $45 million on capital spending and in-store improvements.

Improved product quality and customer service will be a priority, as will new-product development. The company also will hike its ad budget by about 54%.

Under Mr. Renaud's plan, franchisees would make up about 45% of the store base, instead of their current 22% portion.



ERNEST RENAUD

"From my background, franchises are very, very important," said Mr. Renaud, who most recently spent 2½ years leading a holding company for both Golden Corral Corp. and 29 Church's franchises.

For 13 years before that, he was president-ceo of Long John Silver's Seafood Shoppes' corporate parent, Jerrico.

Church's also plans to be more aggressive about expanding into suburban areas, from its traditional inner-city base.

Church's menu also will be freshened up, said Mr. Renaud, who plans to add one new product a year. He's also going to add 400 new fryers to help improve product quality.

"I plan to keep a tight menu," he said. "But I think a restaurant should keep customers' expectations alive by doing something a little different every year."

Whether Mr. Renaud gets a chance to implement these changes depends on the shareholders and the courts.

Church's is challenging Copeland Enterprises' tender offer on antitrust grounds and on grounds that information used to make the bid allegedly was obtained from former Church's executives who now work at Popeyes.

Copeland has filed a suit challenging the legality of Church's shareholders rights plan that's designed to foil the Copeland takeover. Hearings for both cases will be held this month.

Copeland has extended the deadline on its tender offer until Jan. 5, but a court has ordered that no action be taken on the offer until at least Jan. 12.

To date, 14.9 million, or 41%, of Church's 36.6 million outstanding shares have been tendered.

Meanwhile, Mr. Renaud and his management team are trying to rally shareholders and franchisees around the new game plan.

"I think it [a turnaround] can be done, but I need time," Mr. Renaud said. "I do not believe in knee-jerk. I promised the board that by the middle of next year they will see heavy progress."

Mr. Renaud plans to support stores with an enlarged marketing field staff and an extensive ad campaign. He has increased the ad budget to 5% of sales from 2.8% and plans to spend about $20 million in measured media in 1989—a 54% increase from 1988.

Church's intends to keep its low-cost positioning and its "Big pieces. Little prices" tagline, created by the Bloom Agency, Dallas.

Bloom and Church's parted this fall (AA, Oct. 31). Church's now "boutiques out" its creative work, Mr. Renaud said. Its media is handled by Western International Media.

Joseph J. Doyle, an analyst with Smith Barney, Harris Upham & Co., said Mr. Renaud's strategy "looks like a good generic plan. But it's the execution of the plan, not the development of it, that is the more difficult thing to do."#

Della Femina

(Continued from Page 3)

rate changes and asked for reactions to new-product offerings by the competition, simulated real-life situations.

Della Femina began wooing Pan Am after the agency was formed in the June merger of Della Femina, Travisano & Partners and HBM/Creamer. Both agencies were bought in 1986 by London-based WCRS Group.

"Now we're going to get looked at by every large account because we've got the size and we've got the people," Mr. Della Femina said.

The win is also important for WCRS, which has been under pressure to prove that its network was perceived as viable by multinational advertisers.

"WCRS hasn't seemed to have a lot of friends lately, and it's been very quiet on the new-business front," said Sue Bailey, an analyst at Warburg Securities in London, where WCRS' finances have been questioned. "This should actually be quite a good boost for it. It could be that what [WCRS] has said, that you've got to be in the top 20 in billings, is paying off."

Staffers from WCRS in London and Belier/WCRS in Europe participated in the pitch.

Also involved were Jim Durfee, vice chairman-director of corporate creative services at Della Femina, and Jamie Seltzer, exec VP-creative director of the New York office. Both joined the agency in 1988 and had worked on Pan Am at Carl Ally Inc.

It's unclear when the carrier will resume its marketing activities following the explosion and crash that killed all 259 people on board the Dec. 21 flight.

One of the ad challenges facing Della Femina is that Pan Am's overall service isn't at the world-class standards of Air France, British Airways and Lufthansa, said Edward Starkman, airline analyst at PaineWebber.

"The big problem is not to oversell service on coach class," he said. "Advertising will have to make clear what Pan Am does, and that is take people across the North Atlantic. Ads should be destination-based rather than promoting getting feet rubbed and crystal chandeliers on the plane. If customers expect that, they will be disappointed."

Mr. Starkman said that Pan Am, the No. 1 North Atlantic carrier in terms of revenue passenger miles, is showing some improvement financially, after years of decline.#

Jennifer Lawrence in Houston contributed to this story.

Benefiting from buyback

Scali's move could also help out its parent, Ogilvy

By GARY LEVIN

NEW YORK—A plan by Scali, McCabe, Sloves to regain majority control of the agency from Ogilvy Group has observers wondering which organization will gain the most from a potential deal.

About 28 Scali managers already own 20% of the shop, as part of a buyback plan begun in 1986, and are expected to exercise an option to buy another 10% early this year.

But the agency is hungry for more, and in this case, its goals appear to mesh with those of its parent.

In the most likely of several options being explored, Scali and Ogilvy will seek a financial partner to buy 40% of the agency, subject to approval by Ogilvy's board (AA, Dec. 26).

The shares already owned by Scali managers would then be acquired by Abbott Mead Vickers/SMS, a London-based affiliate that is 25%-owned by Scali, which in turn may issue a public offering on London's stock exchange.

If no suitable partner is found or Scali decides not to pursue a public offering, it may simply continue the process of acquiring small shares in the agency, leaving Ogilvy as the majority owner.

Kenneth Roman, Ogilvy chairman-ceo, was vacationing last week and unavailable for comment on Scali buyback plans. Marvin Sloves, Scali chairman, also couldn't be reached. Earlier, he confirmed basic details of the talks but declined to elaborate.

Acquired by Ogilvy in 1977, Scali is seeking independence apparently because it wants greater financial flexibility to acquire and build a global network at a time when its parent faces severe earnings pressures and resulting cost control measures.

For Ogilvy, the sale of a greater stake in Scali fits its strategy of winnowing smaller agencies from its ranks while focusing on direct-marketing, research and other marketing-services companies.

From a financial standpoint, analysts say an investment partner or future U.K. public offering of Scali would enable Ogilvy to give Scali executives their independence without lending them the cost of the buyback or losing money on the deal.

And a cash infusion would help stem profit pressures at Ogilvy Group, whose estimated 8% profit margin in 1988 falls below the industry average.

Those pressures appear to be causing the group's board concern about unfriendly takeover rumors (AA, Dec. 26).

Ogilvy loaned $3.3 million in 1986 to SMS Management Investment Co., a limited partnership formed by the 28 managers who used the money to buy 15% of Scali. That loan is due in 1992, and Scali has since acquired another 5%.

"The trend toward Ogilvy deconsolidating, or selling pieces that don't fit, wouldn't be that surprising in light of what's taken place already," said Andrew Wallach, analyst at Drexel Burnham Lambert.

He noted that Ogilvy has already sold back interests in the Ball Partnership and Ogilvy & Mather's San Francisco office, which became Hal Riney & Partners after Mr. Riney virtually threatened to leave the agency if he couldn't buy it.

"Hal Riney put egg on Ogilvy's face," said Emma Hill of Wertheim, Schroder & Co., adding that Ogilvy got less than the true market value of the office. "They would argue that they had no choice, but [the sale] was not a good deal for public shareholders."

The expansion of Scali's own operations has proved only partly successful. The agency opened offices in Canada and Australia and acquired interests in the London agency and others in Mexico, West Germany, France, Spain and the Netherlands.

It bought majority control of two agencies widely considered creative success stories, Fallon McElligott in Minneapolis and the Martin Agency in Richmond, Va. But a top executive from each of these shops resigned in recent months, raising questions about their future, despite recent new-business gains.

Two domestic offices under the Scali banner —in Atlanta and Los Angeles—were shuttered less than two years after they opened, leading Mr. Sloves to seek out other "creative boutiques," particularly those on the West Coast.

Scali, whose largest clients include Hertz Corp. and Perdue Farms, earned gross income of $93.1 million in 1987, a 20.1% gain, on worldwide billings of $653.2 million, up 17.2% from 1986.

Billings for 1988 are expected to exceed $750 million, and the agency's relatively low overhead, with fewer offices, is believed to make it more profitable than similarly sized shops.#

MAXWELL'S MARKET SHARES

Cigarette sales decline in '88

By JOHN C. MAXWELL JR.

Philip Morris USA was the only cigarette company to show unit sales gains in 1988, according to preliminary estimates.

Industry shipments as a whole were expected to be off about 2.4% for the year.

Philip Morris' sales were expected to be up about 1.6%, increasing its industry share to 39.3%. The Marlboro brand (which added Marlboro Lights menthol in 1988) now accounts for close to 25% of industry sales.

The company also showed gains for Virginia Slims Ultra Lights and Cambridge.

The R.J. Reynolds Tobacco Co. unit of RJR Nabisco, the No. 2 cigarette marketer, suffered its first market share decline in five years, dipping 0.7%.

Winston and Salem, Nos. 2 and 3 among individual brands, both were expected to record lower unit sales.

Among the top 10 brands, Newport and Camel moved up a notch from 1987, to fifth and sixth place, as Benson & Hedges slipped to seventh. Doral moved from 10th to ninth, ahead of Virginia Slims.#

Mr. Maxwell is an industry analyst with Wheat First Securities, Richmond, Va.

Top ten brands

	1987 Billions of units	1987 Share	1988 Billions of units	1988 Share	% change
Marlboro (PM)	134.57	23.6%	137.70	24.7%	2.3
Winston (RJR)	63.28	11.1	60.20	10.8	-4.9
Salem (RJR)	43.80	7.7	41.03	7.4	-6.3
Kool* (B&W)	34.33	6.0	32.29	5.8	-5.9
Newport (Lorillard)	24.23	4.2	25.50	4.6	5.2
Camel* (RJR)	24.18	4.2	23.36	4.2	-3.4
Benson & Hedges (PM)	24.36	4.3	22.58	4.1	-7.3
Merit (PM)	22.17	3.9	21.60	3.9	-2.6
Doral (RJR)	17.22	3.0	18.50	3.3	7.4
Virginia Slims (PM)	17.51	3.1	17.17	3.1	-1.9
Total top ten	405.65	71.1%	399.93	71.8%	-1.4

*Includes filter and non-filter.
Source: Estimates by John C. Maxwell Jr., Wheat First Securities.

Company sales and market shares

	Volume* 1987	Volume* 1988	Volume* % change	Market share 1987	Market share 1988	Market share Share change
Philip Morris	215.56	219.00	+1.6%	37.8%	39.3%	+1.5%
R.J. Reynolds	185.39	177.00	-4.5	32.5	31.8	-0.7
Brown & Williamson	62.74	61.12	-2.6	11.0	11.0	—
Lorillard	46.97	46.10	-1.9	8.2	8.3	+0.1
American Brands	39.44	38.31	-2.9	6.9	6.9	—
Liggett	20.28	15.25	-24.8	3.6	2.7	-0.9
Total	570.38	556.78	-2.4	100.0	100.0	—

* billions of units.
Source: Estimates by John C. Maxwell Jr., Wheat First Securities.

'FC' revamps car award

NEW YORK—*Family Circle* is revising its "Family Car of the Year" competition for 1989.

This year's competition will use polls to determine the top 10 consumer choices with a follow-up survey on customer satisfaction to determine the grand award.

A combination of consumers and a panel of experts was used in 1988.

The program is part of women's magazines' concerted efforts to create a better environment for auto advertising.#

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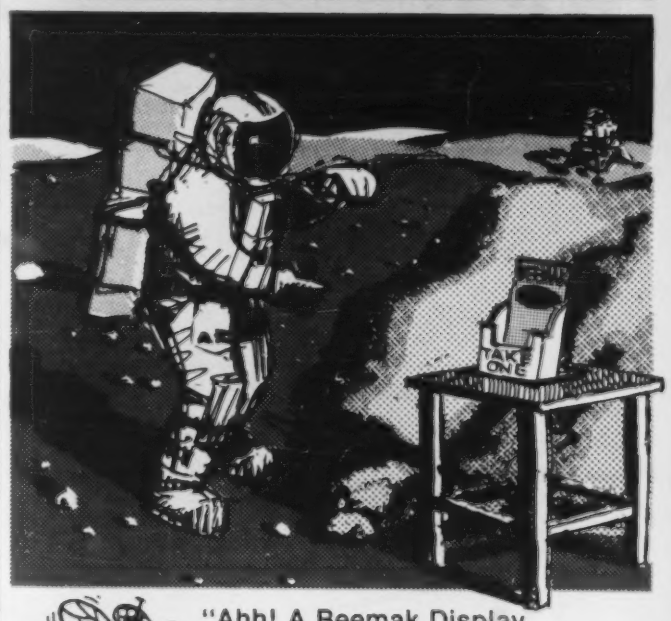

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Publishers venture south

Magazines test Latin waters

By LESLIE GILBERT

Latin America is a distribution nightmare that's kept many foreign magazine publishers from diving in, but some are getting serious about it now.

Dow Jones & Co., which several years ago considered and dropped the idea of publishing a separate Latin American edition of *The Wall Street Journal*, now has expanded its *America Economia's* reach into Mexico.

The magazine, a joint venture with two private individuals in Chile, is available in 10 Latin American nations.

Last October, the U.K.'s EuroMoney Publications Group introduced *LatinFinance*, a slick, Miami-based magazine published 10 times a year for those emerging from the 1982 Latin American debt crisis.

Early this year, *Time* will upgrade to glossy paper stock and color printing for its Latin American editions.

Sister publication *Fortune* is currently negotiating a joint venture in Spain with Hachette and could take that project to Latin America.

Circulation of *Fortune's* English-language international edition in Latin America is estimated at 12,460. And International Advertising Director Michael Dudler said that "a Spanish-language edition for Spain would probably have applications ... for the Spanish-speaking market in South America."

As Latin American nations have rebuilt dying economies, the business community has grown stronger and more sophisticated, said Nels Strandberg, publisher of *America Economia*.

Dow Jones entered the market in mid-1987 with the Spanish-language business magazine, started by Mr. Strandberg and Elias Selman, a Chilean market researcher.

Circulation for the Santiago-based magazine is estimated at 40,000, with 7,000 paid, Mr. Strandberg said.

Despite the expansion, Bob Paradise, VP of Dow Jones' magazine group, cautioned, "*America Economia* is not a test market for *The Wall Street Journal*. They are too dissimilar."

One of the region's problems is that distribution is expensive.

"Traditionally, it's been a very costly market to develop circulation. We do very well when we promote [to gain circulation], but it's just a question of priorities," said Dee Fernandes, VP-The Americas for South Publications. English-language *South*, a monthly magazine, is targeted at executives doing business in developing countries.

One publication that does well in Latin America is *Time*.

Its Latin American edition is published in English, and executives estimate circulation at 90,000—all paid—with about one-third of its readership in Brazil.

But *Time* has no plans to introduce a Spanish-language edition. "English is a self-selecting targeting tool," said Kevin Weafer, managing director of the Americas.

U.S. and European publishers seem willing to leave many readers to *Vision*, a 200,000-plus circulation Spanish-language news magazine published every other week in Mexico.#

Several magazine publishers are concentrating on the Latin American market, including Dow Jones & Co.'s *America Economia*.

AA seeking best '88 ads

CHICAGO—Wanted: this year's best TV, print and radio advertising for ADVERTISING AGE's Best of 1988 contest.

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There's no entry fee. Entries must be postmarked no later than Jan. 6.#

Aspirin marketers push pain relief

(Continued from Page 3)

risk of heart attacks.

Companies were forbidden from advertising the first-attack study, but industry analysts and even government officials expected aspirin would get a rub-off effect from the second heart attack ads.

Instead, Bayer sales slipped, and the overall aspirin market actually declined 1.4% to 296 million units for the 12 months ended October 1988, according to Nielsen Marketing Research Group. Only dollar sales increased, by 6% to $839 million.

"I think there will be more focus on [pain relief] advertising," said Elliot Dorfman, senior VP-management supervisor at Lintas:New York, Bayer's agency.

"From a strategic point of view, general pain usage represents greater potential for the brand," he said. "The heart attack message is important, but in terms of usage, general pain relief is where the volume still exists."

The new drive uses Bayer's longtime "The wonder drug that works wonders" theme. The TV spot that began airing in December features explorer Andrew Harvard, who says he includes Bayer on his list of expedition essentials.

Bayer was the first to jump on the second heart attack angle and was instrumental in gaining government approval for that claim in 1985.

Bristol-Myers Co.'s Bufferin and SmithKline Beckman Corp.'s Ecotrin also advertised for the prevention of second heart attacks.

The other big player in the market, American Home Products Corp.'s Anacin, never did, maintaining its pain relief claim.

Painkillers containing ibuprofen, such as American Home's Advil and Bristol-Myer's Nuprin, continued to be the thorn in aspirin's side.

Nielsen figures show that ibuprofen continued its meteoric rise through October, gaining 20% in sales to $402 million, with units expanding 14% to 102 million.

Ibuprofen's share of the total $2.4 billion retail analgesic market has risen to 21%, from 19%; aspirin is at 42%, from 44%; and acetominophen, such as Johnson & Johnson's Tylenol, remains at about 36%.

"The winner continues to be ibuprofen," said Neil Sweig, drug industry analyst for Prudential-Bache Research.

Further complicating aspirin's future growth is the general consensus that the Food & Drug Administration probably won't allow consumer advertising of the first-attack claim.

The FDA has been examining the National Institutes of Health study for nearly a year now, and industry executives said the agency probably will allow the claim only to doctors in professional journals.

Analysts say the FDA is unlikely to allow unhindered consumer advertising of aspirin as a heart attack preventative because of the risk of side effects, such as stomach problems.

Others say the FDA might allow aspirin to be promoted in general consumer "health information" ads that suggest a doctor's visit if concerned about heart health.

"The FDA is not comfortable with what the [direct consumer] ads are supposed to read, and they've not been good and ready" to announce a position, Mr. Sweig said. "But now, as many months have gone by, aspirin marketers have come to understand that it [the NIH study] may turn out to be a moderate positive. ...

"The key [to real growth] is to prevent first heart attacks."

He predicted the FDA will approve some sort of first heart attack claim for aspirin this year, but consumer advertising would only be allowed with caveats.

"There's too many potential side effects for daily use," he said. "I don't see as bright a future for aspirin sales" as for competitors.#

Holiday

(Continued from Page 4)

ventory levels were leaner to begin with, said J. Duncan Muir, public relations program manager.

On the West Coast, Mervyn's, a 213-store chain, experienced sales only slightly above a year ago, but a spokesman declined to give specifics. On Christmas Eve the chain opened at 7 a.m. and ran a three-hour promotion featuring an additional 10% off jewelry already discounted 20%.

In San Francisco, Emporium Capwell Co. said Christmas sales improved by more than 6%. The chain stuck to its promotional calendar, but its discounts weren't as steep as a year ago, said Alice MacNaughton, VP-sales promotion.

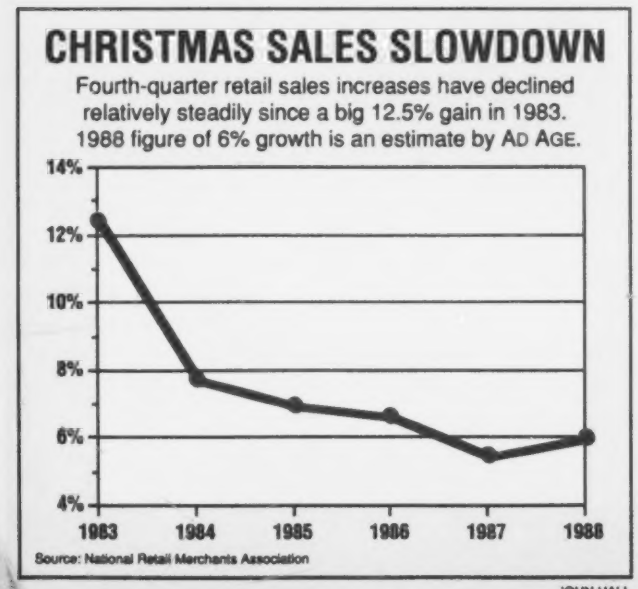
Consultants see a tough year ahead.

"The plain truth is the honeymoon [for retailers] is over," said William Ress, president of C.W. Ress & Co., a retail consultancy. "With few exceptions, retail has become a flat business and will be for the rest of this century."

The key factors driving the long-term growth of the retail industry—population growth, the rise of the two-income family and the credit-card explosion—have trailed off and no new expansionary forces have replaced them, Mr. Ress said.

In contrast with the self-indulgence of the mid-1980s, "consumers are buying only things they truly need and want and believe have value," said Kurt Barnard, retail consultant and publisher, *Retail Marketing Report*.

"It's not that consumers expect to spend less overall, it's that they're trying to get the most value for their dollar," said Leo Shapiro, chairman of Leo J. Shapiro & Associates.#



JOHN HALL

This story was written with reports from Judith Graham in New York, Christy Fisher in Dallas, Kate Fitzgerald in Chicago, Patricia Strnad in Detroit and Alice Z. Cuneo in San Francisco.

By Bob Garfield

Ad Review

Garfield's "Ad Review" will return next week.

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